

MONTANA LEGISLATIVE HISTORY

Chapter 303 19 83

Bill H _____ S 185 Original bill & history C

H. Committee on Taxation

S. Committee on Taxation

Hearing Date(s) Mar 09 ☒ C

Hearing Date(s) Jan 21 ☒ C

Mar 15 ☒ C

Feb 01 ☒ C

_____ ☐ C

Feb 02 ☒ C

_____ ☐ C

_____ ☐ C

Date Out Mar 15 ☒ C

Feb 02 ☒ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

TRANSMITTED TO HOUSE: 2/11/83

REFERRED TO COMMITTEE ON NATURAL RESOURCES: 02/12/83

HEARING: 3/21/83

REPORT: 03/23/83, BE NOT CONCURRED IN. REPORT ADOPTED.

BILL KILLED: 03/25/83

183 -- MAZUREK -- TO CLARIFY THE LAWS RELATING TO TRANSFER OF STATE CONTRACTS....
BY REQUEST OF: THE DEPARTMENT OF ADMINISTRATION

INTRODUCED: 01/18/83

REFERRED TO COMMITTEE ON JUDICIARY: 01/18/83

HEARING: 1/25/83

REPORT: 01/25/83, DO PASS, AS AMENDED

2ND READING: 01/27/83 AYES: 48; NAYS: 0

3RD READING: 01/29/83 AYES: 47; NAYS: 0

TRANSMITTED TO HOUSE: 1/29/83

REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 01/29/83

HEARING: 2/7/83

REPORT: 02/07/83, BE CONCURRED IN

2ND READING: 3/1/83, BE CONCURRED IN AYES: 92; NAYS: 1

3RD READING: 03/02/83, BE CONCURRED IN AYES: 96; NAYS: 0

RETURNED TO SENATE: 3/2/83

TRANSMITTED TO GOVERNOR: 03/07/83

SIGNED: 03/10/83, CHAPTER 52

184 -- MAZUREK -- TO GENERALLY REVISE THE APPLICABILITY OF THE SECURITIES ACT OF MONTANA

BY REQUEST OF: THE STATE AUDITOR

INTRODUCED: 01/18/83

REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 01/18/83

HEARING: 02/2/83

REPORT: 02/03/83, DO PASS, AS AMENDED

2ND READING: 02/05/83 AYES: 47; NAYS: 0

3RD READING: 02/08/83 AYES: 50; NAYS: 0

TRANSMITTED TO HOUSE: 2/8/83

REFERRED TO SELECT COMMITTEE ON ECONOMIC DEVELOPMENT: 02/09/83

REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 03/03/83

HEARING: 3/15/83

REPORT: 03/16/83, BE CONCURRED IN

2ND READING: 03/21/83, BE CONCURRED IN AYES: 88; NAYS: 0

3RD READING: 03/22/83, BE CONCURRED IN AYES: 93; NAYS: 0

RETURNED TO SENATE: 3/22/83

TRANSMITTED TO GOVERNOR: 03/28/83

SIGNED: 4/2/83, CHAPTER 322

185 -- GALT, HOLLIDAY -- TO REVISE TAXATION EXEMPTIONS FOR CERTAIN COAL PRODUCERS;
... AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

INTRODUCED: 01/18/83

REFERRED TO COMMITTEE ON TAXATION: 01/18/83

HEARING: 1/31/83
REPORT: 02/03/83, DO PASS, AS AMENDED
2ND READING: 02/05/83 AYES: 47; NAYS: 0
3RD READING: 02/08/83 AYES: 49; NAYS: 0

TRANSMITTED TO HOUSE: 2/8/83
REFERRED TO COMMITTEE ON TAXATION: 02/09/83

HEARING: 3/9/83
REPORT: 03/15/83, BE CONCURRED IN
2ND READING: 03/18/83, BE CONCURRED IN AYES: 89; NAYS: 1
3RD READING: 03/19/83, BE CONCURRED IN AYES: 82; NAYS: 4

RETURNED TO SENATE: 3/19/83

TRANSMITTED TO GOVERNOR: 03/28/83
SIGNED: 03/31/83, CHAPTER 303

SB 186 -- ELLIOTT -- TO AUTHORIZE THE COAL BOARD TO CONSIDER APPLICATIONS FOR L
FROM THE LOCAL IMPACT AND EDUCATION TRUST FUND ACCOUNT; AND PROVIDING LIMITATIONS
BY REQUEST OF: THE COAL TAX OVERSIGHT COMMITTEE

INTRODUCED: 01/18/83
REFERRED TO COMMITTEE ON TAXATION: 01/18/83
HEARING: 1/28/83
REPORT: 02/02/83, DO PASS, AS AMENDED
2ND READING: 02/05/83 AYES: 34; NAYS: 11
3RD READING: 02/08/83 AYES: 45; NAYS: 5

TRANSMITTED TO HOUSE: 2/8/83
REFERRED TO COMMITTEE ON TAXATION: 02/09/83
HEARING: 3/9/83
REPORT: 03/22/83, BE CONCURRED IN, AS AMENDED
2ND READING: 03/24/83, BE CONCURRED IN, AS AMENDED AYES: 88; NAYS: 6
3RD READING: 03/25/83, BE CONCURRED IN AYES: 90; NAYS: 6

RETURNED TO SENATE WITH AMENDMENTS: 3/26/83
2ND READING: 04/07/83, BE NOT CONCURRED IN AYES: 36; NAYS: 12

FREE CONFERENCE COMMITTEE APPOINTED: 4/8/83

FREE CONFERENCE COMMITTEE REPORT: 04/15/83

SENATE
2ND READING: 04/18/83, BE ADOPTED AYES: 49; NAYS: 0
3RD READING: 04/19/83, BE ADOPTED AYES: 44; NAYS: 2

HOUSE
2ND READING: 04/18/84, ADOPTED AYES: 93; NAYS: 3
3RD READING: 04/18/83, ADOPTED AYES: 94; NAYS: 5

TRANSMITTED TO GOVERNOR: 4/21/83
SIGNED: 4/29/83, CHAPTER 690

SB 187 -- AKLESTAD, KOLSTAD, E. SMITH, ET AL. -- TO EXEMPT CERTAIN PRODUCER-
GRAIN IN STORAGE FROM PROPERTY TAXATION

INTRODUCED: 01/18/83

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

January 31, 1983

The fifteenth meeting of the Taxation Committee was called to order at 8:30 a.m. by Chairman Pat M. Goodover in Room 415 of the Capitol Building.

ROLL CALL: All members were present except Senators Hager, Lynch and Norman, who were all excused.

CONSIDERATION OF SENATE BILL 185: Senator Jack Galt, Senate District 23, the sponsor of the bill, said that if these mines are forced to close it will not only hurt the economy and miners in the Roundup area but will hurt all across the state as well.

Representative Gay Holliday, House District 46, co-sponsored the bill and said several people were here at the meeting to verify the impact of this bill. She urged the committee to act favorably in their behalf.

PROPOSERS

Mr. Kim Kuzara, testifying on behalf of the P-M Coal Company and the Divide Mining Company, submitted a written statement which is attached to these minutes as Exhibit A.

Mr. Bruce Hoiland, representing the Musselshell Valley Chamber of Commerce, also submitted a written statement, and it is attached as Exhibit B.

Mr. Joe Vranish, a resident of Roundup, stated that he is a homeowner and he can't pass along his expenses or taxes to any customers. Why tax someone to pay another tax? Their school uses coal, which is taxed, and then the school turns around and taxes the homeowners to pay their taxes. He also submitted a written witness statement. (See Exhibit C.)

Mr. Bruce Konia, who runs an alcohol plant outside of Manhattan, Montana, said this bill could make the difference as to whether a small operation such as his survives or closes its doors. They are going up to about 4,000 tons of coal; they have to expand in order to be profitable. They have learned about out-of-date technology, and expenses have to be borne by someone. If a lack of tax can make that possible, then let's do it, he said. They use Roundup coal at their plant because it has a higher BTU than other coal produced in the state. Transportation is a critical factor for his business. He asked that the legislature not close the door on these small operations. (See Exhibit D.)

January 31, 1983

Mr. Robert Krogh, representing the Roundup schools, submitted a written statement which is attached as Exhibit E.

Chairman Goodover mentioned that several letters were received in support of SB 185 and they were made a part of the record. Letters were received from: Darrell _____, Jack Ambrozich, Mr. and Mrs. F. R. Baldwin, Kathryn R. Baylis, Jerry J. Bernhardt, Eva Boucher (2 letters), James N. Boucher, Don Bujok, Anita M. Burch, Mr. and Mrs. Theron Castle, Alan D. Curtis, Eugene and Delores DesJarlais, Jeanette Devine, Luther G. Egge, J. Jay Erdie, Verna Fanyak, P. G. Funk (2 letters), Sherry F. Garcia, Hugh C. Grove, Alice Hanley (2 letters), Hugh Hegle, Ell Heinle, Lloyd Herman, Otto C. Hettborg, Douglas D. Hoag, Robert Hochmuth (and others), Bruce J. Hoiland, Emelie G. Jensvold and Alvin W. Jensvold, Robert L. Justin, Richard Kemper, Helen Kombol, T. R. Kratochvil, Annie E. Larsen, Robert Lassle, John H. Lee, Mr. and Mrs. Clarence Marking, Donna Marmon, Bob Marshall, Mr. and Mrs. Ronald Martin, Richard McCall, Richard V. Mihalovich, Jo Ann E. Mills, Walter J. Moore, Avonelle Pleas, John J. and Jeanne M. Rae (2 letters), Louise G. Rasmussen, Mr. and Mrs. Vern Rich, P. L. and N. J. Schlappich, Bin Sh _____, Julia Siemion, Agnes Simkins, Lyle E. Stortz, Trevor and Cleo Sysum, Mr. and Mrs. George C. Thomas, Joseph Vicars (Mayor) (2 letters), Mrs. Gus Weigum, Mr. and Mrs. James Weigum and family, Florence J. Wood and James Wood, and Mr. and Mrs. Joe Zupec. The letters are attached as Exhibits F-1 to F-65.

Additionally, ten sheets with "We support Senate Bill 185" on them with a total of 267 signatures were submitted and made a part of the record. See Exhibit G.

Senator Max Conover, Senate District 36, stated that he still uses coal on one of the farms that he has. He said that if the bill does not pass, Wyoming coal will start moving into the Billings area, where a lot of the Roundup coal now goes. He doesn't want to see that happen with the price of coal and today's economic times. The prices of gas and electricity are going way up, too, in the next 3-4 years. He requested the committee's support of SB 185.

OPPONENTS

There were no opponents to SB 185.

Questions from the committee were called for.

Senator Elliott asked if someone was available who could answer questions regarding the economics of the mining business. Jack Carlson from the Divide Coal Mining Company said they are mining government coal on their own land. Their lease with the government has been extended to November. The government wants to raise royalties from 15 cents a ton to \$4.19 a ton (12 1/2%). To make a viable operation you have to produce about 35,000 tons.

According to previous testimony, Mr. Carlson said, if you mined 20,000 tons a year at \$30 a ton, that is \$600,000. They hope to realize a ten percent profit on the operation.

Senator Eck asked what determines the \$33 a ton they are getting now. Mr. Carlson said it was based on expenses of operation. Senator Towe then questioned George Meged's previous billing practices in his coal company (Exhibit H). Senator Crippen asked why the bill could not be amended to provide for a straight 100,000-ton exemption.

Senator Galt closed the hearing on SB 185.

CONSIDERATION OF SENATE BILL 172: Senator Dorothy Eck, Senate District 39, sponsored the bill and said Montana is providing a lot of pension exclusions, and as long as we are allowing those exclusions, we are discriminating against private pension beneficiaries. Private sector pension plans are very low. The Department of Revenue worked with Senator Eck and others on this bill, and with the \$360 exclusion allowed last session, they were able to come up with some figures. She prefers that the committee look at the full \$3,600 exemption proposed now.

PROPOSERS

Mr. Joe Thares, representing the Mountain Bell Retired Employees Association, said there are about 750 Mountain Bell retirees in Montana. In the private sector, a lot of pension plans do not have escalator clauses as government pension plans do. Give a break to the retirees in the private sector as you do in the government sector. (Written statement: Exh. I)

Ed Sheehy, a national field vice president of the National Association of Retired Federal Employees, stated that in 1981, they went to the legislature and got the \$360 exemption. He noted that federal retired employees are totally exempt from tax. He is not eligible for and will never receive social security benefits. His benefits are taxed by both federal and state governments. He said the \$3,600 proposed exemption was too low; that it should be raised to \$5,400. People are being advised to elect automatic withholding on their retirement or face a penalty. He urged the committee to look at what state retirement plans are doing. He mentioned an article in the Butte paper this past weekend regarding a bargaining group whose minimum salaries were \$26,000 and maximum salaries were \$42,000. Those people are eligible for from \$13,000 to \$26,000 a year in retirement benefits.

OPPOSERS

There were no opposers to SB 172.

The committee voted on the original motion to lay SB 131 on the table. The motion was seconded and passed, with Senators Crippen, Eck, Mazurek and Towe voting no. The bill is laid on the table. (Proposed amendments to SB 131 are attached: Exh. J.)

CONSIDERATION OF SENATE BILL 185 (CONTINUED): Senator Towe said there are two ways to resolve this: (1) raise the exempt tonnage to 30,000 or 35,000, and take out the language concerning only producers less than 100,000, or (2) give half rate to the companies with between 20,000 and 100,000 tons of coal.

Senator Towe mentioned that the only mines that produce coal with 10,000+ BTUs are the Meged and Carlson mines near Roundup. Decker is 9,600 BTUs. Senator Crippen said that if the exemption were passed based on BTUs, there would be no discrimination.

Senator Gage asked if, in relation to justifying constitutionality, there was any merit to comparing this coal situation to stripper wells in the oil and gas industry. Senator Towe said it is the product, not the size of the company, that causes the differences in rate. Senator Towe said that when passing the coal severance tax itself, Mr. Robbins came to him and asked him about the two companies, Meged and Carlson operations. These mines each have mined 10,000 tons of coal each year. If the companies combined, they would mine around 22,000-23,000 tons a year. At the present time, those mines are not paying the tax because they are exempt (under 20,000 tons). We could try to figure out a way to help them and no one else.

Senator Severson said 20,000 tons is \$660,000 (at \$33 a ton). That is not a big operation when you buy that type of equipment. If they had good equipment, they could probably handle a lot more coal.

Senator Towe stated the average company pays \$2 a ton in tax. The impact would be about \$2 million a biennium if the bill is passed as is. He said we should keep one other factor in mind. The Montana-Dakota Utilities plant at Savage produces 200,000 tons a year, and they would probably raise a fuss.

Cort Harrington suggested we could set it up like the federal estate tax--the first 100,000 tons is exempt; then the second 100,000 tons is taxed at a double rate.

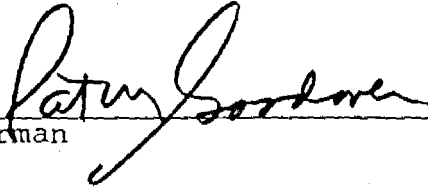
Senator Crippen thought his suggestion would encourage other small mines to produce coal with 10,000+ BTUs.

Senator Severson moved to amend the bill, striking "100,000" at page 1, line 13; page 2, line 14; and page 2, line 15, and inserting "50,000" in each instance. The motion was seconded and passed, with Senator Turnage voting no.

Senator Crippen moved that the language following "year" on page 2, line 15, through line 17, be deleted. There was no second to his motion.

Senator Towe said that if we did that, we would have impact fiscally. He was amenable to the half rate tax for tonnage between 20,000 and 100,000, but not the exemption for tonnages between 20,000 and 100,000.

The committee adjourned at 10 a.m.


Chairman

ROLL CALL

SENATE TAXATION

COMMITTEE

48th LEGISLATIVE SESSION -- 1983

Date 1/31/

NAME	PRESENT	ABSENT	EXCUSED
SENATOR GOODOVER, CHAIRMAN	✓		
SENATOR McCALLUM, VICE CHAIRMAN	✓		
SENATOR BROWN	✓		
SENATOR CRIPPEN	✓		
SENATOR ELLIOTT	✓		
SENATOR GAGE	✓		
SENATOR TURNAGE	✓		
SENATOR SEVERSON	✓		
SENATOR HAGER			✓
SENATOR ECK	✓		
SENATOR HALLIGAN	✓		
SENATOR LYNCH			✓
SENATOR NORMAN			✓
SENATOR TOWE	✓		
SENATOR MAZUREK	✓		

Exhibit A
Jan. 31, 1983
SB 185

Mr. Chairman, Committee Members, Senator Galt and Representative Holliday:

My name is Kim Kuzara and I wish to speak on behalf of the P-M Coal Company and the Divide Mining Company. As you may know, both of these firms own and operate small surface mines a few miles south of Roundup.

Both mines are family operated and have been for two generations. They both own the land on which they mine and they both raise cattle to supplement their mine incomes.

As far as I know, these are the only small mines left in the State of Montana that produce coal exclusively for home, small business and local government use. All others, and at one time we had about ten in the Roundup area, have gone out of business.

They are the only existing mines in the state that would be affected by Senate Bill 185. With its passage, these mines will have a chance to survive. Without it they will either be forced to close their doors or severely restrict production.

I have done some consulting work for both mines but I have no financial interest in either. So what I say here today isn't coming from my checkbook. It's coming from a deep concern for my community.....from the heritage of my coal mining family members who collectively have spent more than 150 years working in underground mines....from my friendship with the owners of these two mines who are fighting for survival.

From my knowledge of these two mines, I can assure you that neither company can show what you and I would consider an attractive bottom line on their financial statements.

They spent enormous amounts of money obtaining strip mining permits and converting to that method of mining after they were forced by government regulations to cease underground operations. They now spend huge additional sums to expand their permit areas as mining progresses.

They have spent years in a continuous battle for existence....from trying to comply with rules and regulations that they don't understand, shouldn't apply to them, and that are changed at the whim of some unaccountable bureaucrat....to trying to mollify people who delight in using the environmental movement to harrass their every action.

Purchase of new equipment such as scrapers, loaders, crawlers, drills, haul trucks and processing machines is simply out of the question. Instead, they are forced to buy older, less reliable equipment and along with it, the maintenance and repair headaches.

Quite frankly, I don't understand how they have managed to stay in business as long as they have. They are tired, they are discouraged, and they aren't getting any younger.

As with any other business, these mines have to have a break-even point. For the Divide operation, an accountant has suggested that production levels would have to be in the 35,000 to 55,000 ton per year range to make the mine economically viable. I suspect that a similar figure would apply to the P-M mine. And that figure makes the assumption that the cost of coal to the consumer would stay in the \$30.00 to \$35.00 per ton range, which, according to the National Coal Association, is about the average price of coal nationwide.

Again, passage of Senate Bill 185 would provide these two mines with the flexibility of increasing production without significant cost to the consumer.

I should mention that the owners of the Divide Mine are now in the process of appealing a huge increase in their royalty payment to the Bureau of Land Management for the federal coal that they are mining. The prospects for success of that appeal are at this time bleak, and if it fails, Divide will likely cease operation.

It is that likelihood which prompted us to seek the 100,000 ton exemption contained in Senate Bill 185. If Divide is forced to close, then P-M will have to make up the production difference or, hundreds of customers will

either have to convert to other fuels or find other sources of coal.

Speaking of customers, both mines supply coal to about 3,000 buyers. Although you may think that most of those customers would be in the Roundup trade area, such is not the case. The mine owners estimate that between 60 and 65 percent of their customers come from the Yellowstone Valley and probably another 10 to 15 percent come from other places in Montana and northern Wyoming.

Believe me, there is a market for Roundup's high quality coal. I've been out at the mines and seen trucks, pickups and even station wagons lined up for blocks waiting to get coal. And I've been there when the mines turned away business because they didn't have extra coal to sell.

With permitting and operating costs what they are now, both mines limit their tonnage to the 10,000 to 15,000 ton per year range. They simply cannot afford to seek larger permit areas, invest in plant and equipment, produce more coal and be subjected to the 30 percent tax upon reaching the existing 20,000 ton limit.

A 100,000 ton exemption would give both of these mines ample room for expansion within the foreseeable future. It would respect changing economic conditions which may dictate increased production. It would allow P-M to assume Divide's production should Divide have to close. It would give these owners some stability and some certainty for the future should their children desire to take over their mines or should they find new owners. Right now, they have none of this.

Being Chairman of the Musselshell County Planning Board, I can appreciate your concerns over the potential loss of revenues should this measure become law. So far as existing revenues are concerned, there would be no loss at all of severance tax funds. Neither mine has exceeded the 20,000 ton exemption and so they have paid no severance

tax. There are no other mines producing between 20,000 and 100,000 tons per year so there would be no loss there. And finally, this bill would not affect severance taxes from the large mines because upon exceeding the proposed 100,000 ton limit, their tax would be rolled back to the current 20,000 ton exemption.

The other portion of this bill would have an affect on revenues to the state, counties, and schools. In essence, the gross proceeds tax exemption would be raised from 10,000 tons to 50,000 tons. Since the tax received is a function of mill levies, the price of coal, and the deductions allowed by law, it is difficult to assess the impact of this increase.

However, if we assume the price of coal to be \$30.00 per ton, allowable deductions to be 5 percent of the contract sales price, and if we use Musselshell County's mill levy last year as an example, we can illustrate those effects.

The gross proceeds from the 40,000 ton difference between existing and proposed statutes would be 1.2 million dollars if coal sells for \$30.00 per ton and if the mines produced the full 100,000 tons. If deductions of 5 percent are applied to that, the gross would be 1.14 million of which 45 percent is taxable for a total of \$513,000 valuation.

Musselshell County's levy last year was 159.54 mills which means that had these conditions all been present, \$81,844 would have been collected in gross proceeds tax. Of that, the state would have received \$3,078, the school districts in Musselshell County would have shared \$65,079 and the county itself would have been paid \$13,686.

total losses
if 100,000
tons produce

You should remember that this loss of revenue would exist only if the mines produced the full 100,000 tons. If they only mined 50,000 tons, the total loss would amount to about \$31,000.

I'm certain that those losses would be dwarfed by those

that would be incurred in our county if either or both of our mines are forced to close. Aside from the taxable value of the plants and equipment, about 35 people would be out of work, a number of businesses would have to close and taxpayers could anticipate large expenditures converting systems to other fuels.

In summation, I want to stress the following points:

1. We are talking about small "Ma and Pa" mines, not huge corporate enterprizes.
2. We are talking about thousands of Montanans who rely on coal to heat their homes, businesses and schools, not large industrial users who can pass costs on to others.
3. We are talking about an insignificant loss of revenue when compared to the alternatives.

I strongly urge your support for Senate Bill 185 here in this committee and on the floor of the Senate.

Thank you.

*Senate Trans.
Exhibit A
Jan. 31, 1983
SB 185*

Mr. Chairman, Committee Members, Senator Galt and Representative Holliday:

My name is Kim Kuzara and I wish to speak on behalf of the P-M Coal Company and the Divide Mining Company. As you may know, both of these firms own and operate small surface mines a few miles south of Roundup.

Both mines are family operated and have been for two generations. They both own the land on which they mine and they both raise cattle to supplement their mine incomes.

As far as I know, these are the only small mines left in the State of Montana that produce coal exclusively for home, small business and local government use. All others, and at one time we had about ten in the Roundup area, have gone out of business.

They are the only existing mines in the state that would be affected by Senate Bill 185. With its passage, these mines will have a chance to survive. Without it they will either be forced to close their doors or severely restrict production.

I have done some consulting work for both mines but I have no financial interest in either. So what I say here today isn't coming from my checkbook. It's coming from a deep concern for my community.....from the heritage of my coal mining family members who collectively have spent more than 150 years working in underground mines....from my friendship with the owners of these two mines who are fighting for survival.

From my knowledge of these two mines, I can assure you that neither company can show what you and I would consider an attractive bottom line on their financial statements.

They spent enormous amounts of money obtaining strip mining permits and converting to that method of mining after they were forced by government regulations to cease underground operations. They now spend huge additional sums to expand their permit areas as mining progresses.

NAME: Bruce J. Hoiland DATE: Jan 31, 1983

ADDRESS: 420-2nd Street West Roundup, Montana

PHONE: 406-323-1102

REPRESENTING WHOM? Hoiland Ford and Musselshell Valley Chamber of Commerce

APPEARING ON WHICH PROPOSAL: Senate Bill 185

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Exhibit B
Jan. 31, 1983
SB185

Mr. Chairman, Committee Members, Senator Galt and Representative Holliday:

I'm Bruce Hoiland and I am representing the 60 or so members of the Musselshell Valley Chamber of Commerce.

You have heard Mr. Kuzara's remarks concerning the importance of Senate Bill 185 from the mine owner's standpoint.

I would like to comment briefly on what the measure means to the Main Street businessmen. A significant number of buildings throughout Montana are heated by coal although we in Roundup certainly have a higher percentage than other cities and towns. I would suspect that slightly over half of the buildings in Roundup use coal.

We in the business community feel strongly that the situation with respect to these coal mines is critical. Just a few years ago, you could call any one of several mines and receive a load of coal that day.

That isn't the case now. With only two mines operating, equipment and machinery breakdowns, weather, and other considerations, delivery of coal is no longer assured.

Sub-zero temperatures mean that I burn up to about a ton a day and there have been times when I wasn't sure that I'd be able to last until the next load arrived. Sometimes, the mines simply don't have enough coal and I can only get a partial load.

Now, I'm told that there is a 95 percent chance that the Divide mine will be closing and it doesn't really surprise me. The Divide owners are getting along in years and they are probably looking forward to retirement. They've been struggling for years and they're getting tired. And, as Mr. Kuzara pointed out, neither mine represents an attractive investment for a new owner.

If the Divide mine closes, an already bad situation is going to be twice as bad. We can expect either a 30 percent

increase in the cost of coal or we can expect the supply to dry up altogether.

Some of our businesses have tried to burn Colstrip or Sheridan coal and it just doesn't work in our systems. With the difference in BTU content, it takes anywhere from 30 to 60 percent more of that coal to provide the same level of heating. That also means costly modifications to auger and feed systems. It means more frequent deliveries or larger bins. It means more reliance on the weather and the uncertainties of transportation. It means higher costs.

I looked into converting my building to fuel oil or propane. Propane is out of the question because the structure occupies nearly all of the lot and there is no place where a tank can be safely and legally placed. I also have no place where I could conveniently locate a fuel oil tank. The plumbing and mechanical contractors say that I could expect to pay about \$30,000 to get my 6500 square foot building into a condition allowing conversion.

I can't even consider it. I'd simply have to close. So would a majority of the other businesses that I've talked to.

One of our members did convert to fuel oil seven years ago. Just the controls and the oil injection system - not a boiler designed for oil - cost them \$4000 at that time. That first winter, they spent just over \$12,000 for fuel oil at an average of about 69¢ per gallon. Oil sells for \$1.13 today. They went back to their coal fired boiler and last year their bill was just under \$5,000.

Another consideration that we have to contend with is the availability of other fuels. In talking with the fuel oil distributors and propane suppliers, we find that they may not be able to increase their allocations by enough to supply our needs. A Montana Power Company representative

says that major revisions in his system capacity would have to be made to allow any significant conversion to electric heating in Roundup.

And, even if we could afford the changes necessary to convert, the added costs of the fuels themselves would be astronomical. All else being equal, oil and propane would quadruple our fuel bills while electricity would raise them something like 8 times.

Let's face it. Some form of relief has to be had or a lot of us are going to be out of business. It's just that simple.

You might think that raising the exemptions by 80,000 tons is excessive. You can look at the mine production figures and say, "Well, if they aren't pushing the 20,000 ton limit now, why should we raise it to 100,000 tons?"

We already know that neither mine can stand by itself now. Their production is limited by the equipment that they have to work with and though I don't want to offend anyone, what they have to work with is little more than junk. They spend more time working on it than they do using it, simply because they can't afford anything better., and because they have to work at other things to make ends meet. As a consequence, we users suffer the uncertainty of being able to get coal when we need it and in the quantities that we need it.

You should also bear in mind that when the Legislature first made the 20,000 ton exemption, we had 5 small mines operating near Roundup and others elsewhere in Montana. Now there are only the two.

A 100,000 ton exemption would let these mines take advantage of both existing and developable markets for good quality coal in Montana. It would let one mine take up the slack if the other closes. It would provide room for future growth in the event that other firms should choose to burn coal. And it would help a great deal to keep heating costs at an affordable level.

By approving Senate Bill 185 you would do a great service to the people who live, work, and do business in Roundup and many other Montana communities.

Thank you.

CONSIDERATION AND DISPOSITION OF SENATE BILL 185: In order to make sure there won't be a constitutional problem, Senator Towe suggested that the bill be amended to allow the tonnage exemption to go to 50,000 for any coal over 10,500 BTUs. A preamble could be added saying that the coal in excess of 10,500 BTUs is mined by small mining companies in existence, that they charge more per ton of coal than the larger mines and because their coal is generally much more expensive and is used by small consumers, the exemption is justified. He said Peabody's coal is 8,700 BTUs; Colstrip, 8,700, Savage, 9,600; Decker, 9,600; and Bull Mountain, 11,000. The Wyoming coal that comes into Montana has a BTU less than Decker's 9,600.

Senator Turnage moved that "100,000" on page 1, line 13, and on page 2, lines 14 and 15, be stricken and "50,000" be inserted in each of those places. The motion was seconded and carried unanimously.

Senator Turnage moved that SB 185 DO PASS AS AMENDED. The motion was seconded and passed unanimously.

Senator Elliott then thought a nonseverability clause should be included in case the constitutional problem comes up.

Senator Turnage moved that the committee reconsider SB 185 as amended. The motion was seconded and carried unanimously.

Senator Towe then moved to add a new section to the bill which would be the standard nonseverability clause. The motion was seconded and carried unanimously.

Senator Turnage then moved that the amended bill be given a DO PASS AS AMENDED. The motion was seconded and passed unanimously.

CONSIDERATION AND DISPOSITION OF SENATE BILL 186 (CONTINUED):

Senator Elliott felt "indirectly" should be left in the bill on page 4, line 10. He said we should not get into funding SIDs with loans under this act and that it should be limited to revenue projects. The only source of funds are property taxes, SIDs or revenue base.

Senator Towe said an example would be the community center built at Colstrip. The users of the community center paid the loan back with membership fees, etc. Senator Towe was unhappy with "indirectly" being in the bill. The Coal Board still has to agree to the loans, he said. Senator Crippen said a city would favor a loan more than a grant and didn't want to put them in a more favorable position than the rest of the taxpayers. He also felt the term of the loans should be amended from 40 years to 20 years.

Senator Towe stated that the collection of the fees is in the taxation section of the Montana Code Annotated; the fees are billed on the tax assessment notices; and this would clearly

Chairman Goodover appointed Senators Elliott and Towe to work with Dan Bucks to come up with some appropriate language for the second part of the amendment tomorrow.

RECONSIDERATION AND DISPOSITION OF SENATE BILL 185: Senator Towe moved that the committee reconsider its action taken yesterday on SB 185 in regard to the nonseverability clause that was added. The motion was seconded and passed unanimously.

Senator Towe moved that the nonseverability clause have added to it, after the words "parts are invalid", the following:

"and the prior law as reflected in sections 15-6-208 and 15-35-103 prior to the passage of this act shall remain in full force and effect."

The motion was seconded.

Senator Towe said that if any part of the act is declared unconstitutional, we want the whole act to be unconstitutional, and it will go back to the 20,000 exemption as it was prior to passage of this act. Otherwise, all the coal companies will come in and challenge this and their exemption will be 50,000 tons. A vote was taken on the amendment, and the amendment passed, with Senators Crippen and McCallum voting no.

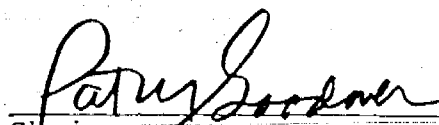
Senator Towe moved that SB 185 be given a DO PASS AS AMENDED recommendation. The motion was seconded and passed unanimously.

CONSIDERATION RE TURNAGE COMMITTEE BILL: Senator Turnage moved that the committee authorize the amendment of the title of the proposed committee bill to include "AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE." (A section of the proposed bill already has an effective date section in it, but it was left out of the title.) The motion was seconded.

Senator Norman then asked Senator Turnage if he had given thought as to how this was going to be paid for. He said it was going to cost Missoula County about \$70,000. Senator Turnage said the work would fall on the county treasurers, and the cost will be in the postage. It shouldn't cost more labor. Senator Norman thought that was acceptable if the treasurers were going to do the work. Senator Goodover felt the cost should be borne by the school system reserve fund since they created the problem in the first place.

A vote was taken on Senator Turnage's motion, and it passed unanimously. The effective date language will be included when the draft is prepared by the Legislative Council.

The meeting adjourned at 10 a.m.


Chairman

STANDING COMMITTEE REPORT

February 2 19 83

MR. PRESIDENT

We, your committee on taxation

having had under consideration Senate Bill No. 185

Respectfully report as follows: That Senate Bill No. 185

introduced bill, be amended as follows:

1. Page 1, line 13.

Following: "207,000"

Strike: "100,000"

Insert: "50,000"

2. Page 2, line 14.

Following: "207,000"

Strike: "100,000"

Insert: "50,000"

3. Page 2, line 15.

Following: "than"

Strike: "100,000"

Insert: "50,000"

DO PASS
XXXXXX

(CONTINUED ON PAGE 2)

gpc

February 2 19 83

4. Page 2, line 18.

Following: line 17

Insert: "NEW SECTION. Section 3. Nonseverability. It is the intent of the legislature that each part of this act is essentially dependent upon every other part and if one part is held unconstitutional or invalid, all other parts are invalid, and the prior law as reflected in sections 15-6-208 and 15-35-103 prior to the passage of this act shall remain in full force and effect."

Ranumber: subsequent section

And, as so amended

DO PASS

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE
March 9, 1983

The meeting was called to order at 8:00 a.m. by Vice-Chairman Neuman. Roll call was taken and all committee members were present except Representative Yardley, who came into the meeting later.

Testimony was heard on HB 870, SB 96, SB 185 and SB 186.

Executive action was taken on HB 779, HB 780, and HB 860 during this meeting.

SENATE BILL 185

SENATOR JACK GALT, District 23, sponsor of the bill, said SB 185 is an act to revise taxation exemptions for certain coal producers. When the coal tax was passed several years ago, there was an exemption given to a coal producer who extracted less than 20,000 tons of coal in a calendar year. The exemption was one-half of the contract sales price of coal sold by the coal producer. There are now only two mines that would qualify for that exemption. One of the mines is in Roundup. That operation will mine over 20,000 tons of coal this year. Senate Bill 185 would raise the limit of tons of coal mined from 20,000 tons per year to 100,000 tons per year. When the bill was heard in the Senate, the amount was lowered to 50,000 tons per year.

Proponents

REPRESENTATIVE GAY HOLLIDAY, District 46, said she is the co-sponsor of the bill and asked for a favorable recommendation on SB 185 from this committee.

KIM KUZARA, representing the P-M Coal Company and the Divide Mining Company and the Musselshell Valley Chamber of Commerce, said the two small mines near Roundup are the only two left in the state which mine coal exclusively for small business, home and local government use. Neither firm is presently economically viable and both owners have to supplement their mine incomes with other endeavors. One of the main reasons that they are financially pressed is that they have been forced to limit production and not attempt to develop expanded markets for their coal. They have done this in order to remain competitive with Wyoming coal and as a result, are in an impossible position. By remaining at production levels below the existing 20,000 ton severance tax exemption, they cannot afford the high costs of plant and equipment purchases to increase efficiency. They cannot continue to absorb the high costs involved with mine permitting, safety compliance, and reclamation.

If they produce in excess of the 20,000 tons, they must raise their price of coal to the \$40 to \$50 per ton range and thus lose whatever competitive edge they now have over out-of-state producers. Either way, they cannot continue without some form of relief. Mr. Kuzara read his prepared statement to the committee. (See EXHIBIT 1.)

ROBERT KROGH, Superintendent of the Roundup school system, said during the past two years the taxpayers of the school district spent some \$415,000 to replace one of the boilers and to upgrade the entire heating systems in our school buildings, so that they can be more fuel efficient. Our three school buildings, together with our local hospital, courthouse and county shop buildings are no doubt the biggest users of coal in Musselshell County, consuming some 850 tons a year. If our local mines are forced to close or coal production is limited, due to the 20,000 ton restriction for severance tax purposes, this could be devastating to our community. Mr. Krogh submitted written testimony on SB 185. (See EXHIBIT 2.)

There were no opponents testifying on SB 185.

Questions from the committee were heard at this time.

REPRESENTATIVE UNDERDAL asked if the Coal Creek Mining Company was going to temporarily shut down. Mr. Kuzara said they are shut down now. Representative Underdal asked why. He was told it is because of the severance tax.

SENATOR GALT, in closing, said SB 185 is not a Musselshell County bill. It affects a lot of the counties in southeastern Montana.

The hearing on SB 185 was closed.

SENATE BILL 96

SENATOR ROGER ELLIOTT, District 8, sponsor of the bill, said this bill was drafted after a meeting with the Coal Tax Oversight Committee. Senate Bill 96 is an act to change the disposition of coal severance tax constitutional trust investment and earnings, providing for deposit of certain interest and earnings in the state general fund.

SENATOR ELLIOTT said interest income earned from the coal trust was discussed in the 1979 legislature. However, the legislature forgot to appropriate the interest income from the trust account to the general fund. That required an appropriation by the legislature during the 1981 legislative session.

SENATOR ELLIOTT said this bill will eliminate the subfund and the interest will be deposited directly to the various funds involved.

VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

BILL SB 185

Date March 9, 1983

SPONSOR Senator Galt

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

REPRESENTATIVE YARDLEY, COMMITTEE MEMBERS, REPRESENTATIVE
HOLLIDAY:

For the record, I am Kim Kuzara and I am appearing in support of Senate Bill 185. I am representing the Musselshell Valley Chamber of Commerce which has about 60 business members, the owners of the P-M and Divide coal companies, and myself as a consumer who relies on coal for domestic heating.

While I don't relish the idea of wearing three hats, I think that the importance of this measure can best be illustrated by discussing its effects from the three perspectives. I will try to be brief.

First I would like to point out that I delivered some 60 personal letters and petitions containing about 300 names from Roundup area people to the Senate Taxation Committee during its hearing on this bill. Most were addressed to you also and I hope that some of that information has been transmitted to you.

The two small mines near Roundup are the only two left in the state which mine coal exclusively for small business, home and local government use. I hate to say it but neither firm is presently economically viable and both owners have to supplement their mine incomes with other endeavors.

One of the main reasons that they are financially pressed is that they have been forced to limit production and not attempt to develop expanded markets for their coal. They have done this in order to remain competitive with Wyoming coal and as a result, they are in an impossible position.

By remaining at production levels below the existing 20,000 ton severance tax exemption, they cannot afford the high costs of plant and equipment purchases to increase efficiency. They cannot continue to absorb the high costs involved with mine permitting, safety compliance, and reclamation.

If they produce in excess of the 20,000 tons, they must raise their price of coal to the \$40 to \$50 per ton range and thus lose whatever competitive edge they now have over out-of-state

producers. Either way, they cannot continue without some form of relief.

Owners of the Divide mine have already said that they will be out of business this year. That will leave only the P-M mine in operation and it too cannot make up the Divide mine's production without exceeding the 20,000 ton limit.

An accountant has indicated that with current costs of production, these small mines would have to produce between 30,000 and 45,000 tons in order to be viable. As costs increase, of course, those figures would have to be adjusted upwards also.

What this means is that some 3,000 users of Roundup coal are facing the loss of heating fuel. Although the Roundup area would be hardest hit, the mine owners tell me that about 60 percent of their customers are from the Yellowstone Valley. Others are scattered throughout Eastern Montana.

At any rate, I'm one of those 3,000. I heat my business with coal and I can't survive the loss of that source. One of our member firms converted from coal to oil about seven years ago. Just changing the burner head in their boiler cost about \$4,500. Fuel costs doubled the first year and they returned to coal the next year.

I talked to a heating contractor and he tells me that it would be a physical impossibility to change my system to anything other than electric. My structure occupies the entire city lot and there is no place to legally install a propane or fuel oil tank. Conversion to electricity would cost in the neighborhood of \$25,000.

About half of our chamber members are in the same boat. And, aside from the prohibitive conversion costs, the cost of the fuel itself - propane, fuel oil, or electricity - would run our heating bills up two or three times.

Other Montana or Wyoming coals will not burn properly in our boilers without costly feed and stoker modifications. Those coals are lower in BTU content and we would have to burn more of them to achieve the same heat output.

For those who could convert to other fuels, there is no

assurance of supply. Local fuel oil and propane dealers say that they don't know if they could obtain increased allocations to handle a significant increase. A Montana Power Company representative told me that it is doubtful that transmission capacity exists in our area to provide a significant increase in load demand.

In short, I and alot of other businessmen and many, many homeowners are going to be in serious trouble unless Senate Bill 185 becomes law. Speaking of homeowners, many of the users of coal are elderly or retired folks who must live on fixed incomes. Their homes are old, poorly insulated, and not constructed with heating systems in mind other than the venerable coal stove. Conversion for them is simply out of the question.

So far as revenues to the coal severance tax fund are concerned, this measure would have no effect. Neither of the mines now pay severance taxes and, hopefully, they wouldn't under Senate Bill 185.

When we drafted this piece of legislation, we asked for a 100,000 ton exemption with a roll-back to 20,000 tons if a producer chose to exceed the 100,000 tons. The Senate chose to lower that figure to 50,000 tons - a figure that we can live with for the time being. If there is any way you can see your way clear to do it, I would like to see you increase the exemption to at least 75,000 tons.

First, it would provide the mine owners with an attractive cushion within which to develop additional local markets and become more efficient. If the Divide mine closes, P-M mine will have to take over additional customers and they will again be pushing the limit. Then, we consumers would still be facing some uncertainties of supply and I can envision being back up here in two years asking for more.

I should point out that the other portion of this measure would, in fact, cost local government some money, especially the school districts. Using Musselshell County's mill levies, the local school district could expect to lose around \$16,000 while the county itself would lose about \$9,000. The state

would lose about \$3,000. Those numbers assume production increases between existing levels and the Senate's 50,000 ton limit and the cost of coal computed at \$33.00 per ton.

You should consider that these losses in gross proceeds taxes would be dwarfed by the losses in revenues should these mines close or should many of our businesses be forced to close.

In closing, I would like you to keep some important points in mind while considering this bill.

We are talking about small, family owned and operated mines and businesses here - not huge corporate giants.

We are talking about 45 mine jobs and hundreds of others in our local businesses - not quarterly dividends to stockholders in some distant city.

We are talking about survival for one or two small coal mines in Montana - not the bottom line on a P&L statement in some plush boardroom.

Thank you.

Chairman Neuman, members of the House Taxation Committee, Senator Galt and Representative Holliday.

My name is Robert Krogh, my home is in Roundup, and I am here this morning to also speak in favor of Senate Bill 185.

As Superintendent of the Roundup School System, we are very much concerned about the availability of coal from our local mines for our heating purposes.

During the past two years the taxpayers of our school district have just spent some \$415,000.00 to replace one of the boilers and to up-grade the entire heating systems in our school buildings, so that they can be more fuel efficient.

Our three school buildings, together with our local hospital, courthouse and county shop buildings are no doubt the biggest users of coal in Musselshell County, consuming some 850 tons a year. If our local mines are forced to close or coal production is limited, due to the 20,000 ton restriction for severance tax purposes, this could be devastrating to our community.

As far as the school district is concerned, if they must convert to another means of fuel, such as propane or fuel oil, it has been estimated by heating contractors that the cost would be somewhere in the range of \$300,000.00. I don't think it would be fair to force this added expense upon our taxpayers, who still haven't recovered from the expense of replacing the school's present coal heating system. School budgets would also have to be drastically increased to allow for the added cost for using another means of fuel. With school budgets being as tight as they are, this would result in higher special mill levies which could not be rejected considering today's economic situation.

The only other alternative then would be to try and get coal from the next closest source, that being Colstrip, which is some 147 miles away. With our railroad gone, the coal would have to be hauled in by large semi-trailer trucks. Because of the long distance involved, the cost of transporting could be as much as the price of coal itself, thus doubling the cost for this fuel. We are presently paying \$39.00 per ton delivered for Roundup coal, so with some simple arithmetic, taking 850 tons, which is now costing the taxpayer \$33,150.00, and by adding the extra expense for the long haul and handling charges, the cost for this new source of energy could jump to \$66,300.00.

Another problem that we would be faced with, especially concerning our school buildings, is that there is not enough room around the buildings to accommodate large trucks for unloading purposes. This then could result in having to stock pile the coal elsewhere and then transfer it to the schools by another means.

It should also be noted that the coal obtained from ^{the} Colstrip area does not have the equivalent BTU's as that of the Roundup coal. Figures that I have obtained rate the Colstrip coal at approx. 8,850 BTU's as compared to the coal mined in our area which runs between 10,500 - 11,900 BTU's. To give us the same heat value which we need to keep our buildings at a comfortable level, we could conceivably have to burn another 1/3 more coal, thus adding more to the total cost.

Like most small hospitals, our county hospital is operating on a shoestring too and there is no way it could absorb the increased

costs to convert and operate using another fuel. No doubt they too would be forced to close their doors.

As it has already been stated here this morning, people living in our county are not the only ones who depend on the Roundup mines for their source of coal.

In checking with a number of communities around our area, I was surprised to learn that there are some fifteen (15) other school systems consisting of: Shepherd, Broadview, Lavina, Musselshell, Jordan, Winifred, Roy, Custer, Geyser, Rapleje, Hays Lodgepole, Reedpoint, Ingomar, Nichart and even as far as Ekalaka, who use Roundup coal for their main source of energy. The county shops in both McCone, Judith Basin and Wheatland counties also rely on the same means of fuel for their heating purposes. So, there is no doubt that alot of people could be affected if the supply of coal from our small mines is no longer available.

Many of the administrators from the mentioned schools have also indicated to me that many of these school buildings are quite old and if they had to be converted to oil or gas, they would certainly have to consider spending large sums of money to remodel their existing facilities, such as changing windows, and doing alot more insulating, as with the price of oil or gas, there would be no way they could afford to keep their buildings heated.

As you can see, I have tried to relate to you what effect the loss of coal could place on our schools, hospital, and other governmental agencies. Therefore, minor changes in the present law need to be made to insure that coal produced by the small mines can be made available for heating needs at a reasonable cost to the taxpayer.

And then, lets not forget the impact that this could place upon our younger generation if schools and hospitals are forced to close because of unbarriable heating costs which they can't afford. After all, they are our future taxpayers and our hope for tomorrow.

I sincerely hope that each member of this committee will do their part to strongly support Senate Bill 185.

Thank you.

STATE OF MONTANA

REQUEST NO. 140-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 19, 1983, there is hereby submitted a Fiscal Note for Senate Bill 185 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 185 revises taxation exemptions for certain coal producers and provides an immediate effective date and an applicability date.

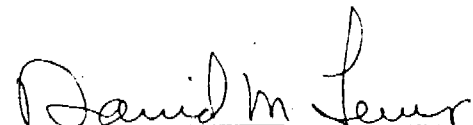
FISCAL IMPACT:

The fiscal impact, if any, of the proposed legislation cannot be estimated. Currently, there are no producers mining coal in the state that would be subject to the proposed exemption.

One company, Coal Creek Mining Co., had been producing about 45,000 tons of coal per year. They last reported production in the quarter ending December 31, 1981. Coal Creek would qualify for the exemption on the coal severance tax if it produced at the same level. The gross proceeds property tax from Coal Creek's coal production would add to the property tax base of Musselshell County if they resumed operations (one-half of production value).

Another producer, Knife River, currently produces approximately 200,000 tons of coal per year. Coal severance tax revenues would be reduced if this firm found it economically feasible to reduce its production level to under 100,000 tons per year (unlikely to alter the tonnage required for a coal fired power plant). The revenue loss in FY 84 coal severance tax collections would be approximately \$400,000 out of \$99 million if Knife River produced below the exemption level.

FISCAL NOTE 6:E/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-24-83

Senate Bill 185

REPRESENTATIVE ZABROCKI moved SB 185 BE CONCURRED IN. He said Representative Holliday, cosponsor of the bill, would carry the bill on the floor of the House.

The motion was voted on and PASSED. All committee members voted yes except Representative Neuman, who voted no.

Senate Bill 247

CHAIRMAN YARDLEY said this bill is a retroactive senior citizen tax credit for railroad retirees who did not qualify for the property tax credit when it was passed in 1981.

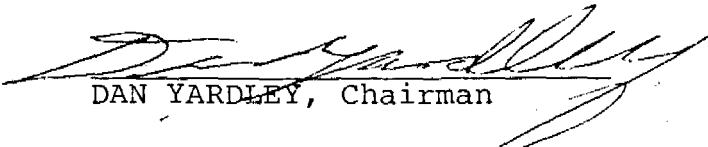
REPRESENTATIVE HARP asked if this credit was included in the executive's or LFA's budgets. Ms. Feaver said no.

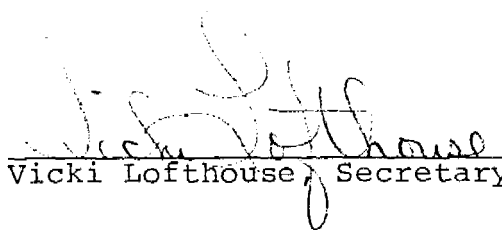
REPRESENTATIVE WILLIAMS moved SB 247 BE CONCURRED IN.

The motion was voted on and PASSED unanimously.

CHAIRMAN YARDLEY said he will rerefer this bill to the Appropriations Committee.

The meeting was adjourned at 11:00 a.m.


DAN YARDLEY, Chairman


Vicki Lofthouse, Secretary

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration SENATE Bill No. 185

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A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE TAXATION EXEMPTIONS
FOR CERTAIN COAL PRODUCERS; AMENDING SECTIONS 15-6-208 AND
15-35-103, MCA; PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN
APPLICABILITY DATE."

Respectfully report as follows: That SENATE Bill No. 185

~~DO PASS~~ BE CONCURRED IN